

THE FINANCIAL MANAGEMENT ROLE OF PRINCIPALS IN SECTION 21  
SCHOOLS IN SOUTH DURBAN, KWAZULU-NATAL

By

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## **Summary**

This study focuses on the financial management role of principals of Section 21 schools. The research reports on principals working within such a regime. The South Africa Schools Act makes provisions for schools, through their school governing body, of which the principal is a member, to obtain funds from the community. Therefore the acquisition and spending of such funds has to be managed effectively and efficiently.

This mini dissertation endeavours to study the changing role of principals with regard to the effective management of school finances and whether they have the necessary skills to perform these duties. Reference is made to similar situations of principals of schools in the United States, England, Australia and certain developing countries. The qualitative research method was used to elicit the perception of Section21 school principals. The research concludes with an attempt to make some recommendations for this new role of Section 21 principals.

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## **CHAPTER ONE**

### **ORIENTATION TO THE STUDY**

#### **1.1 Introduction**

The South African Schools Act, Section 34(1) states that the state must fund public schools from public revenue on an equitable basis in order to ensure the proper exercise of the rights of learners to education and the redress of past inequalities in education provision (Government Gazette No. 17579,1996:24). Bisschoff and Sayed (1999:310), indicate that although the state has legislated its intentions of funding public schools from public revenue, it is however bound by financial consideration. Some of the financial consideration that the state have to take into account, is the equitable distribution of fund to all government sectors, such as Health, Welfare and Housing, et cetera.

The South African School Acts embodies a shift from supply-driven service delivery in schooling, where government decides on how service delivery takes place, to a more demand-driven mode, where local communities gain a greater say in how they would like service delivery that they receive to be structured (SA. Report to Minister 2003: 39).

The funding of public schools in South Africa has given rise to community assistance in financing of schools. Section 36 of the South African Schools Act of 1996 (South Africa, 1996: 24) states that a School Governing Body (henceforth referred to as SGB), of a public school must take all reasonable measures within its means, such as fund raising, to supplement the resources supplied by the state in order to improve the quality of education. In addition to supplementing school income, the SGB of public schools must set up a school fund, which should be administered according to clear directives issued by the Department of Education. The Department of Education and Culture has therefore determined regulations that govern the establishment and control of School Funds at public schools (Department of Education and Culture: Understanding School Governance 2002:8). An example of the Department of Education circular on the National Norms and Standards for School Funding issued to principals in KwaZulu Natal is cited below.

- ❑ Schools, which have been granted Section 21 Status, will receive a subsidy cheque in January for the first allocation and a further cheque in April for the second allocation. All expenditure will need to be accounted for. Schools that do not yet qualify for Section 21 status will receive a paper allocation for these periods. The department will administer the funds on behalf of the school, according to existing departmental procedures. ....
- ❑ It may be that the allocation to a school is not sufficient to provide for the educational needs. Section 36 of the South African Schools Act (SASA) and paragraph 49 of 51 of the Norms and Standards place a duty on the SGB to take reasonable steps to supplement the school's state allocation in order to improve the quality of education. The SGB must therefore draw up plans to supplement the state allocations and compile a school budget based on the expected income from planned fund-raising ventures. The budget must be attainable and must include estimates of income and expenditure...(Norms and Standards of School Funding, Reference No SP3/2/2 (2000/2001: 1)

Thus it can be noted that the Department of Education set out clear instructions on school funding.

Having outlined the shift towards community responsibility, the question is, who is responsible for financial management in schools. The responsibility for the accuracy of the financial records lies with the principal, even if he or she does not have the task of maintaining the financial records on a regular basis. The principal is required by regulations to make numerous and frequent monthly and weekly checks on the income and expenditure status of the school (Department of Education and Culture: Understanding School Governance 2002:9).

Although the principal is accountable for the accuracy of the books, the managing of the school's finances is a primary function of the SGB, of which the principal of the school is a member.

Because the principal is accountable for the accuracy of the records, he or she can be termed the “Accounting Officer”(Department of Education and Culture. Understanding School Governance 2002:9). Therefore, according to Bisschoff and Sayed, (1999:311) the South African Schools Act has in essence changed the role of the principal with regard to school financial management as an important aspect of the overall management of the school. Prior to the changes made in the South Africa Schools Act, principals had minimum financial management responsibilities but, with the introduction of Section 21 schools found in the South African Schools’ Act 84 of 1996, the roles of principals now include being accountable (see 1.8.3 pg 15/16) for the financial records of their school (In self-managing schools where the job of leading and managing a school is shared between the principal and members of the SMT- the principal holds ultimate responsibility to ensure that the work is done. Then s/he may delegate one member to do a particular task (example look after the administration of the school fees). Of course, the principal must ensure that the delegated member/s have a clear understanding of what is expected of them. The principal keeps ultimate responsibility and accountability, so s/he must make sure that the work is done properly) (Sacred Heart College R&D 1999:26).

Bisschoff and Mestry (2003:5) state that the school principal is accountable to the following authorities:

- ❑ the provincial head of department,
- ❑ the governing body of the school,
- ❑ parents of the learners attending the school

## **1.2 Categories of schools in South African**

Before investigating the changing role of principals, it is important to understand how the state has categorized schools into sections. The South African Schools Act 84 of 1996 creates two categories of public schools: section 20 and section 21 schools. Section 20 of the South African Schools Act, No. 84, 1996 (SASA) gives the “Functions of all governing bodies”. The following are the functions:

Section 20. (1) subject to this Act, the governing body of a public school must-

- (a) promote the best interest of the school and strive to ensure its development

through the provision of quality education for all learners at the school;

- (b) adopt a constitution;
- (c) develop the mission statement of the school;
- (d) adopt a code of conduct for learners at the school;
- (e) support the principal, educators and other staff of the school in the performance of their professional functions;
- (f) determine times of the school day consistent with any applicable conditions of employment of staff at the school;
- (g) administer and control the school's property, and buildings and grounds occupied by the school, including hostels, if applicable;
- (h) encourage parents, learners, educators and other staff at the school to render voluntary services to the school;
- (i) recommend to the Head of Department the appointment of educators at the school, subject to the Educators Employment Act, 1994. (Proclamation No. 138 of 1994), and the Labour Relation Act, 1995 (Act No.66 of 1995);
- (j) recommend to the Head of Department the appointment of non-educator staff at the school, subject to the Public Services Act, 1994 (Proclamation No. 103 of 1994), and the Labour Relation Act, 1995 (Act No.66 of 1995);
- (k) at the request of the Head of Department, allow the reasonable use under fair conditions of the facilities of the school for educational programmes not conducted by the school;
- (l) discharge all other functions imposed upon the governing body by or under this Act; and
- (m) discharge other functions consistent with this Act as determined by the Minister by notice in the Government Gazette, or by the Member of the Executive Council by notice in the Provincial Gazette.

2. The SGB may allow the reasonable use of the facilities of the school for community, social and school fund-raising purposes, subject to such reasonable and equitable conditions as the SGB may determine, which may include the charging of a fee or tariff which accrues to the school (KZN: Circular No. 91/1999).

However the term Section 20 is commonly used to describe those schools that have not applied for Section 21 status. Such schools are known as Section 20 schools or more correctly as non-section 21 schools.

#### **1.2.1 Non-Section 21 schools**

Schools that presently do not qualify for Section 21 status will receive an allocation in terms of the Resources Targeting List (annexure 1) but this will be a “paper” allocation, meaning that they do not receive the allocation in cash. Non-section 21 schools are required to present a budget to the Department of Education, and purchases will be made against the budgeted items. The provincial department will procure goods and services on their behalf according to existing departmental arrangements. Therefore, the Department of Education administers the budget allocation on behalf of each Section 20 schools.

Some **disadvantages** of being a Non-Section 21 school are that schools are unable to negotiate better prices and even if the suppliers are inefficient with regards to delivery or executing orders timeously, schools cannot engage other suppliers. However one of the **advantages** of being a Non-Section 21 school are that the department is obliged to pay for all the services that the school receives and the shortfalls between the allocated amount and the amount used by the school must also be paid by the department.

#### **1.2.2 Section 21 schools**

Section 21 of the Act list further functions, listed below that may be allocated if the school has shown that it has the capacity to perform such functions effectively. The term “Section 21 schools” is regarded as virtually synonymous with self-managing or self-reliant schools (Department of Education and Culture. Towards Effective School Management- A guide to Norms and Standards for Schooling 2002:17).

When a school acquires section 21 status the following additional functions are passed upon the school:

- ❑ To maintain and improve the school's property, buildings grounds, and hostel.  
This includes having a definite plan for improvements and upgrades that has been developed according to KZNDoE (KwaZulu Natal Department of Education) specifications and approved by the Department. It would obviously feature as an item in the school development plan and in the annual school budget.
- ❑ Determine the extra-mural curriculum and the choice of subject option in terms of provincial curriculum policy. For this to occur there must be a functional curriculum committee that is familiar with current development, and also applicable legislation and documentation that guides the extra-curriculum programme of the school.
- ❑ Purchase textbooks, educational materials or equipment for the school. A learning support material committee must exist and function. It should consist of relevant staff members and include the Governing Body representatives. The committee must have developed guidelines for the selection, distribution and retrieval of learners support materials and must ensure that these guidelines are adhered to. A stock register of all support materials must be compiled and maintained.
- ❑ Pay for services to the school. Above all, this requires that the school has budgeted effectively and, via the finance committee, closely monitors the monthly income and expenditure to ensure that the services that are budget for can be paid for. The finance committee must be fully conversant with budgeting and accounting procedures, and detailed records of all spending of the public funds must be maintained.
- ❑ Other functions consistent with the Act or applicable provincial legislation. Section 21 legislation is all about the school's capacity to manage itself effectively, and the provincial Education Department is required to determine whether each school has the necessary managerial capacity to do this. (Department of Education and Culture. Towards Effective School Management- A guide to Norms and Standards for Schooling 2002:17)

The following table (1.1) represents the KwaZulu- Natal management checklist for application for Section 21 status. There are 50 questions on the checklist. The school must be able to respond positively to the majority of questions, particularly those that are affected by legal requirement.

- Table 1.1 Checklists for Section 21 Status. (Department of Education and Culture. Towards Effective School Management- A guide to Norms and Standards for Schooling 2002:17)

	<b>School Governing Body (SGB)</b>				
1	Is the SGB legally constituted in terms of Section 28 of SASA?			Yes	No
2	How often does the SGB meet?	Monthly	Quarterly	Other	
3	Are detailed minutes kept of SGB meet?			Yes	No
	<b>Parents</b>				
4	How often does the SGB meet with parents?	Monthly	Quarterly	Annually	Other
5	Does the SGB report annually on activities to the parents?			Yes	No
6	Is the annual school budget presented to parents for consideration?			Yes	No
7	Do parents approve of the school fee structure?			Yes	No
8	Is there a procedure in place for parents who cannot afford school fees?			Yes	No
	<b>SGB finance committee</b>				
9	Has the school appointed a treasurer to the SGB?			Yes	No
10	Has the school appointed certified auditors?			Yes	No
11	If YES to 10, give the name of the school's registered auditor(s).				
12	Does the treasurer have a functioning financial sub-committee appointed?			Yes	No
13	Does the SGB have any plans to raise any additional funds for the school?			Yes	No
14	Has the school in the past year raised funds, additional to school fees?			Yes	No
	<b>School financial management</b>				
15	Does the school pay for the municipal/ transitional local council services?			Yes	No
16	Does the school currently run to budget?			Yes	No



17	Does the SGB currently pay any educator or administrative staff salaries?			Yes	No
18	If YES to 17, do the officials who are employed by the SGB have contracts of Employment?			Yes	No
19	If YES to 17, do the officials who are employed by the SGB have UIF cards?			Yes	No
20	If YES to 17, is the school registered with the Receiver of Revenue?			Yes	No
21	If YES to 20, give the school's PAYE reference number.				
22	Does the school have the capacity to administer its finances?			Yes	No
23	Has the existing principal or the relevant person received financial training?			Yes	No
24	To what extent has the existing principal or relevant person received financial training?				
25	Does the school have a bank account?			Yes	No
26	If YES to 25, please state type of account?				
27	If the school has a cheque book- how many signatories are there?			2 or less	3 or more
28	Is the school able to publish audited financial statements four months After the financial year-end?			Yes	No
29	If Yes to 28, on what date were the last audited annual financial statements signed?				
30	Is a copy of the financial regulations available in the school?			Yes	No
	<b>Financial records</b>				
31	How often is the bank account reconciled? Specify				
32	Does the treasurer sign every bank reconciliation?			Yes	No
33	Was the school's bank account overdrawn in the last twelve months?			Yes	No
34	Does the school maintain a fixed assets register?			Yes	No
35	Does the school keep a record of all orders it places			Yes	No
36	Does the school administer any leases, for example, for a photocopy or a Fax machine?			Yes	No
37	Are receipts issued for all cash and cheques the school receives?			Yes	No
38	After receiving money or cheques, how long does it take the school to deposit the money into the Bank account?			5 or more days	more than 5 days

	<b>Academic affairs</b>				
39	Does the school currently purchase learning support materials from the school budget?			Yes	No
40	Does the school have a functioning committee that reviews learning support materials?			Yes	No
41	If YES to 40, is a member of the SGB part of this review committee?			Yes	No
42	Does the school draw up a budget annually for the purchase of learning support materials?			Yes	No
43	Does the school maintain a stock register?			Yes	No
	<b>School records</b>				
44	Does the school keep personal records for all educators and administrative staff?			Yes	No
45	Is a class register maintained for all learners?			Yes	No
46	Do learners present birth certificates or ID when they register at the school?			Yes	No
	<b>Infrastructure</b>				
47	Does the school have a safe (or strong-room)?			Yes	No
48	Does the school have an office that is used for administrative functions?			Yes	No
49	Does the school have the necessary office space and infrastructure to manage school funds effectively?			Yes	No
50	Is a computerised administrative system used?			Yes	No

The greatest **advantage** of being a Section 21 school is that the school has greater financial flexibility. Instead of having to work through the Department when spending the state allocation, a lump sum transfer is made to it and the school can then negotiate directly with its suppliers. For the Education Department the advantage is that it has to do less administrative work for a Section 21 school and consequently, it has fewer costs.

### 1.3 International perspective

International education departments have also experienced such changes. According to Dimmock (1993:Preface, xiii) throughout Australia and New Zealand, Canada, England and Wales and the US policy makers and politicians are formulating and implementing policies to restructure and reform school systems. Notwithstanding elements of centralization within restructuring, the prevailing thrust of reform is towards school-based management. In essence, the aims of the reforms are to devolve more power and decentralize responsibilities to the school level. One of the reasons for this restructuring, from an educator's viewpoint, is that this compelling momentum is driven by the desire to improve the quality of education. A line of reasoning, based on school effectiveness, suggests that an improvement in learner's results is more likely to be achieved in schools, which are more autonomous, where internal issues can be resolved within the school, and in which strong leadership of the principal is characteristic.

In this study, reference is made to similar situations of principals of schools in Australia, New Zealand and England.

Dimmock (1993:175) states that the changes in the role of the principal in Australia and New Zealand are profound. Expressing the contrast in the starkest terms, in the 1970's, the principal was working in a highly centralized system with a stable and centrally determined curriculum. There was little need for the principal to plan ahead.

By 1990's, there had been radical change in almost every aspect of the role as described in 1970. The reason for this radical change was that the society that it now serviced was no longer homogeneous, but rather multicultural. Therefore the restructuring of education in Australia and New Zealand, as elsewhere, was an outcome of a combination of forces, which are evident more broadly in society. The principal is now working in a highly decentralized setting. Being a principal is a challenging and complex assignment: pre-service teacher education programmers offer inadequate preparation; and ongoing professional development and training are critically important but increasingly difficult. In essence principals who previously worked in a highly Department controlled environment have the opportunity to take charge of their school environment and this

new opportunity requires adequate training (Dimmock 1993:175). The above summary can be applied to the changing role of principals in South African schools.

Blanchard, Lovell and Ville argue that (1989:12)... “very few governors, teachers and headteachers understand the way in which education services are funded.” The title used for principals or headmasters in countries like England indicates a person that is an expert in classroom management and are concerned with children and not money.

Dean (1995:111) provides a British perspective in stating that,

“ One of the biggest changes that has happened in education over recent years is local management of schools. This has given schools much more freedom in managing their affairs and opened doors to better ways of managing the money available. However these changes have posed considerable problems for headteachers and governors for many of whom much of the work of managing finances in this scale is new.”

#### **1.4 Motivation and Reasons for studying the Financial Management Role of Principals of Section 21 Schools.**

Worldwide (in countries like Britain, Australia and New Zealand), the trend is towards more self-reliant schools. By acquiring Section 21 status a school makes a significant move in this direction (Department of Education and Culture. Towards Effective School Management, A guide to Norms and Standards for Schooling 2002:17). With reference to worldwide the terms *school-based management* is used in North America and in Britain (excluding Scotland) the term **local management of school** is used to describe decentralized school management. The movement towards self-reliance means added responsibilities for all stakeholders, for example principals and the SGB must manage the budget of a school and thereby the finances of the school (Levacic 1995:3). Whether or not South African principals are ready or sufficiently prepared for this financial role that requires frequent checks of the schools financial records is the question that needs to be

asked. This study will investigate whether principals of Section 21 schools are coping with the added financial responsibilities.

### **1.5 Problem Statement, Objective and Purpose of the study.**

The problem statement is: What is the financial management role of principals in Section 21 schools?

The general aim of this study is to determine the management role of principals in Section 21 schools.

The objective of this study is to:

- ❑ Clarify and describe the concepts financial management and school-based management.
- ❑ Develop guidelines and recommendations to assist principals of Section 21 schools, in implementing self-reliant schools.
- ❑ Investigate whether principals of Section 21 schools receive sufficient training in handling finances. Do they have any formal qualification in the financial field?
- ❑ Are the governing bodies fulfilling their financial role function?
- ❑ What steps should be taken to improve the financial management role of principals.
- ❑ Identify and describe the changing financial role of school principals.
- ❑ Identify strategies that could assist principals or school systems with the financial management of a school.

### **1.6 Research Design and Methodology**

From the introduction, it is evident that the South African Schools Act (1996) has changed the role of South African principals. In order to obtain a perspective of principals from the South Durban region on the financial management role of principals as schools move towards school-based management (a shift in power –there is significant and consistent decentralization to the school level), five interviews will be conducted with principals of schools from South Durban schools. The South Durban region was selected due the following reasons, its locality, and multicultural schools as well as

schools that have become Section 21. A qualitative research design would be used, since this is an exploratory study in Kwa-Zulu Natal, which will allow key factors to emerge. “Qualitative research focuses on individuals social actions, beliefs, thoughts and perceptions. Qualitative research is mainly concerned with understanding the research problem from the participant perspective as they experience the problem as it is related to their reality and as they view the problem and ascribe meaning to their life-world.”(Unisa 1999:76) Qualitative research allows one to concentrate on how the research - participant relate to the problem by focusing on their written and spoken words and their observable behaviour. Qualitative research can also enhance the study of formal schooling structures by allowing the researcher to reach beyond the documentation of the structural features of the education system to describe the actual operation of the various processes in education in diverse cultural settings from the point of view of the participants involved (Lemmer 1992: 292-296). The qualitative approach is clearly relevant to this research study as it allows the principals to reflect their perspectives on the issue at hand.

The researcher’s role will be primarily that of an interviewer. The researcher will take field notes to record non-verbal responses. The main instrument of research would be an interview (see annexure 3). This type of interview is relatively conversational and the interview probes can increase comprehensiveness. Five individual school principals, of section 21 schools from the South Durban Region of the Kwa-Zulu Natal Department of Education would be interviewed. Purposive sampling strategy that would be used is site selection. Site selection is a process of negotiation in order to obtain freedom of access to a site that is suitable for the research problems and feasible for the researcher’s resources of time, mobility and skills. Information regarding the chosen sites and its potential suitability was obtained from the EMIS section of the Department of Education. For the purpose of data collection for this research study, an interview guide approach will be used. Topics will be selected in advance but the research will decide the sequence and wording of the questions during the interview. Interviews will be taped-recorded in order to assist in the transcription of the interview. Tape recording, according to McMillan and Schumacher (1997:453) ensures completeness of the verbal interaction.

Each respondent will be presented with a form for consent to participate, including assurances of anonymity and confidentiality in regard to data about the site. Anonymity and confidentiality is important as it protects the respondent's privacy. The researcher will ensure that information obtained will be viewed in a sensitive light. The basic rights of all respondents as human beings will be respected at all time. Researchers have the dual responsibility: protection of the participant's confidence from other persons in the setting whose private information might enable them to identify them, and protection of the respondents from the general reading public (McMillan and Schumacher 1997:533).

The data analysis process will be managed using predetermined categories that emerged from the interview guide. For example this study contains topics on the participants perspective on the problems experienced by principals, this category can be then divided into subcategories as the data are analyzed. These are starting points, which are further refined (McMillan and Schumacher 1997:533). The interview guide will be used to create a tree of themes and new themes will be assigned to data that do not fit the existing categories.

The results of the research may be used to assist and empower Section 21 principals in the execution of their financial management role.

### **1.7 The significance of the study**

This study is significant in the sense that it is an attempt to explain and understand that the South African schools have moved towards international trends in terms of self-reliant schools. This study stresses the greater financial responsibility that is placed upon the school principal, with the introduction of Section21 schools (term that is synonyms with self-reliance).

This research is aimed at highlighting the need for school principals to equip themselves with the necessary financial and managerial skills that will enable them to deliver quality education, attaining all its educational objectives in Section 21 schools.

## **1.8. Definition of important concepts**

### **1.8.1 Financial Management**

“Financial management according to Shapiro (1995: 1) involves financial planning and budgeting, financial accounting, financial analysis, financial decision-making and action.”

According to Hart (1993: 2) financial management includes reviewing, forecasting and building of a and budget control and monitoring.”

### **1.8.2 School- Based Management**

According to Levacic (1995:3) “Probably the most widely used term for decentralized school management is school-based management.” David (1989) in Levacic (1995:3), in a review of the US literature defined school-based management “as autonomy plus participatory decision-making.”

Caldwell (1990) in Levacic (1995:4) offers a definition that states that school site or school-based management are all ... approaches to the management of public schools or systematic private schools wherein there is significant and consistent decentralization to the school level of authority to make decisions related to the allocation of resources, with resources defined broadly to include knowledge, technology, power, material, people, time, and money... The school remains accountable to a central authority for the manner in which resources are allocated.”

### **1.8.3 Accountable**

Accountable: responsible (for action or thing, to person) (The Pocket Oxford Dictionary. 1990, s.v. ‘ Accountable’)

Accountable leadership: refers to the capacity of a principal to work with others to demonstrate that the school has indeed been responsive to the needs of the students, local



community and society at large within the particular framework of responsibility of self-management which applies to the school (Dimmock 1993:179).

#### **1.8.4 Accountability**

Every committee member must be able to explain the rationale for all decisions taken. All decisions taken must be collective and enhance the overall achievement of the desired outcomes. Members must be accountable for financial tasks delegated to them. (Donnelly 1999:92)

Van der Westhuizen (1996:173) refers to accountability as a person's duty to give an account of having executed his/her work in terms of set criteria and determined standards, in other words, whether the work has been satisfactorily completed.

#### **1.9 Chapter Division**

Research findings are arranged in separate chapters for the sake of logical exposition and presentation of data. The focus in chapter one will be an introduction into and a brief background of the investigation of the financial role of principals as schools move towards self-reliance. In this chapter, the problem statement, the aim and objectives of the research will be mentioned, as well as an explanation of important concepts will be provided.

The objectives of chapter two is to provide a theoretical background for the investigation of the financial role of principals as school-based managers. A study of other international education systems that have undergone this change towards school-based management will be investigated.

In the subsequent chapters the research design, which is a qualitative method of data collection will be explained. The data required in this investigation will be collected through in-depth interview schedule in which five principals from the South Durban region, in KwaZulu- Natal will be interviewed. The data collected will be interpreted

using a thematic analysis procedure and thereafter a discussion of the results will be provided.

In the final chapter recommendations, strategies and a conclusion will be presented. Implications of the results will be elaborated as well as implications for further research.

#### **1.10 Summary**

It is clear from the arguments presented in this chapter that the relationship between school-based management and the financial responsibility of schools are far more complicated than ever before

In this chapter Section 34 and 36 of the South African Schools Act were discussed emphasizing the funding norms as well as the responsibility of the SGB and their role in terms of school funding.

This chapter also highlighted the different categories of schools in South Africa and their role functions.

Certain international departments that have experienced the changes towards school-based management were briefly explored and we have seen that this type of management has resulted in greater financial accountability to principals and the SGB.

The study of the financial management role of Section 21 school principals attempts to contribute constructively to existing knowledge and provide new insights and understanding for this new role of the Section 21 principal. The next chapter investigates the changes towards decentralization and the changing role of principals, in other countries.

## **CHAPTER 2**

### **Literature review on the financial management role of principals of Section 21 schools.**

#### **2.1 Introduction**

The first chapter of this research provides the background and motivation for the study of the financial management role of Section 21 school principals. Part of this chapter will touch and reflect on the financial management role of the principal before and after (1994) the democratic era in South Africa. The researcher will review literature, in the form of journal articles and books related to the study in the other countries such as Britain, Australia and New Zealand. The decentralization (increasing school autonomy through some combination of site budgetary control, curriculum and personal control) effects and changes the role of the principal and governing body will also be explored in this chapter. The latter part of the chapter will provide a brief overview of the role of principal in certain developing countries, such as Africa, and Latin America.

#### **2.2 The financial management role of the principal prior to a Democratic South Africa.**

The South African education system prior to 1994 was extremely complex. According to Kallaway, Kruss, Fataar & Donn (1997:63) the 1983 constitution and the 1984 National Policy for General Education Affairs Act 76 ensured that by 1994 there was a multiplicity of education departments (19 in all), a situation frequently described as fragmented and chaotic.

Schools that operated in the apartheid era were governed by the Principal's Handbook, which was a 'top-down' approach. Chapter F in the Principals Handbook clearly stipulated how the financial matters of the school had to be handled. There were clearly stipulated stringent financial control measures, for example the Natal Education Department used a 'Uniform Accounting System'. This system provided for the

following vital factors: a) to facilitate checking and control measures; b) to avoid changes in system consequent upon changes of staff; c) to ensure that staff on transfer encounter a system with which they are already familiar, thereby saving time and increasing efficiency; d) a basis for future training of staff (Natal Education Department 1980: 1).

According to Naidoo (2006: 13), “this centralized, bureaucratic form of management was appropriate where the tasks to be performed were relatively uniform in nature and stable over time. The Handbook therefore provided principals with strict rules and procedure on how to manage school finances, but this style was autocratic and reflected apartheid principles and practices. The requirements and needs of individual schools and the context in which the school’s finances were managed were not considered. It was assumed that the finances officer was fully conversant with all financial matters.”

### **2.3 Changes brought about by Democracy.**

The transformation of the entire education system in South Africa was one of the first tasks of the Government of National Unity, after the birth of a democratic South Africa in 1994. The fact that South Africans experienced different educational histories has been a significant factor in the transition to a single, national non-racial system (Pretorius and Lemmer 1998:23). “ For the first time in South Africa’s history, a government has the mandate to plan the development of the education and training system for the benefit of the country as a whole and all its people.” (South Africa 1995:12)

The Interim Constitution (SA, 1993) and the final Constitution (SA, 1996b) led to the adoption of SASA (Sa, 1996a). The nine provincial departments were invited to work through an action plan and time frames for the implementation of this Act. The discussions revolved around the formulating clear guidelines for school fees and admissions. According to Naidoo (2006: 14), this devolvement of power and authority to provinces meant added responsibilities and a sense of acquired accountability among managers, leaders and the SGB for the management of finances at school level.

Two areas are of significance in the evolution of educational policy in this area: (a) the devolution of powers from the National Education Department to the nine provinces in terms of the new Constitution, and (b) the devolution of powers to historically white schools. In terms of the new constitution, the National Education Department is considerably weakened, except in terms of their role in determining the overall financing of the Education system, and the development of the countries curriculum, teacher education, certification and accreditation.

If governance has been devolved to provinces and districts, major elements of school governance and finance have been decentralized to the institutional level, giving rise to Section 21 schools. A major attempt by the National Party prior to the 1994 April election to maintain control over education occurred through its introduction of the Model C school system. In terms of this model, as in Local Management of schools in the UK, powers were devolved to schools governing bodies; the state would pay for teachers' salaries within a given Pupil- Teacher ratio; any additional funds would need to be raised by the school

South African Schools Bill (1996) effectively extended most of the financing and governance provisions and powers belonging to these schools to all schools. For example Section 38 (1) of the South African Schools Act requires the SGB to prepare a budget each year, showing the estimated income and expenditure of the school for the following year.

From a management point of view, the most important management implication of this movement towards greater autonomy for schools is the increase in the managerial autonomy of governing bodies at school level. This means that schools currently have greater financial and managerial responsibilities in respect of physical facilities, staff, learners and the community than in the past. The principal, together with the governing body of the school, accepts the responsibility for ensuring that the school finances are administered correctly. This aspect of financial public schools highlights the principal's role in managing the finances of the school in effective and efficient manner. In the

researchers opinion the table (2.1) below summarizes the difference in the financial school management prior and after democracy.

Table 2.1 Differences in financial school management. (Compiled by researcher)

Prior to Democracy	Democratic Era
Department of education prescribes a top-down approach to budgeting.	Bottom up approach to budgeting is allowed and adopted.
Department of education interferes in operational matters of the school.	School communities (GB) determine the operational matters that affect the school.
Department of education claims to hold accountabilities for public funding of school.	Department of education and school communities hold joint accountability for public funding of schools.

Having explored the situation in South Africa in terms of financial management of principals, the researcher will review literature related to the study in the international arena, examining the changing role of principals and the role of the role of the SGB.

#### **2.4 International perspectives on school-based management and the financial management role of principals.**

It is a truth universally acknowledged that a single school in possession of its own decision-making must provide better quality education than a school run by a centralized bureaucracy. This statement is reflected in its endorsement by many government and other agencies, including the Organisation for Economic and Cultural Development, the Australian Karmel Report, the New Zealand Picot Report, the English 1988 Education Reform Act and its supporting circulars. Many commentators have noted that despite differences in political and social context, there are striking parallels in contemporary educational reforms adopted by English-speaking countries, in particular Australia, New Zealand, the UK and the USA (Levacic 1995:1). This movement towards decentralization has in most cases resulted in restructuring which involves wholesale change, affecting the

distribution of powers and responsibilities between all groups with vested interests at school, district and central office level. The prevailing thrust of reform is towards school-based management (a term used to describe a decentralized school management system).

Table 2.2 Constituent elements of school-based management (Levacic 1995:5).

Stakeholders to whom decision-making is decentralized	Management domain for school-based decision-making	Regulation
Head teachers (principals)  Teachers Parents Voice via school councils Or governing bodies; Choice of school  Local community via school council  Business links and sponsorship.	Budgets  Physical resources  Staffing  Student recruitment  Curriculum	Use of resources: Financial audit; Teacher qualifications, pay and conditions; Employment laws; Class size; Building standards  Product specification: National curriculum; National tests and other performance indicators; inspection of educational standards and quality; Market conditions: Exit and entry (school closure and new schools); admission of students; publications of information about school performance.

In essence, school-based management aims to devolve more power and decentralize responsibilities to the school level. “ In order to appreciate the different forms which school based management can take, a classificatory framework for its constituent

elements is set out in Table 2.2. The regulations affecting schools have been classified into three types: those concerned with setting the structure of the market within which schools may compete; those concerned with specifying the output produced by schools; and those concerned with specifying standards for the inputs into schooling.” (Levacic 1995:5)

In the United States the implementation of school-based management, saw principals increasingly finding themselves in schools that have the power to make decisions about how money should be spent at the school site and decisions about allocation and the curriculum that will be taught and the method and presentation of this curriculum.

Thus, SBM (school-based management) entails changing roles. District offices no longer are in the business of telling schools what to do, instead they are moving to help schools accomplish what schools, themselves, decide to do. Roles within the schools for principals and teachers, likewise, change under SBM, as decision-making becomes a participative activity shared among various school constituents. The above scenario that has been described can be applied to education in the current South African context, as South African schools move towards becoming more autonomous. There is much less top-down control by the education department and much less bureaucratic involvement.

With regard to the importance of financial school management it would be relevant to quote Paisey (1992: 81), when he stresses that of all kinds of information in the school system, none is more important than financial information since all the activities of the school and its ultimate performance rely on soundly managed finances. In essence what is being implied is that even though a school may have sufficient financial resources, if not managed efficiently may result in the lack of attaining its academic goals.

To substantiate the above view one can quote Dimmock (1993: 119), when he says that financial delegation highlights the need for efficient school management. Indeed, the term management is central to the concept of financial delegation as is indicated in the



range of terms used school-based management, site-based management, the self-managing school, and local financial management.

## **2.5 Change in the role of principal.**

The question now is to what extent does financial management distract the focus of the principal and other seniors away from other key tasks, such as instructional leadership? Does financial delegation bureaucratize relations between principals and staff and create a less caring climate? (Dimmock 1993: 119)

Regarding the changing role of the principal, Smilanich in Dimmock (1993:119) reports that, the principal has the unenviable task of arbitrators, of soliciting the needs and wishes of staff and community (often conflicting and in competition) and being the final authority on planning decisions reflected in the proposed budget. The principal is now very much viewed as an extension of the superintendent of schools at the school level.

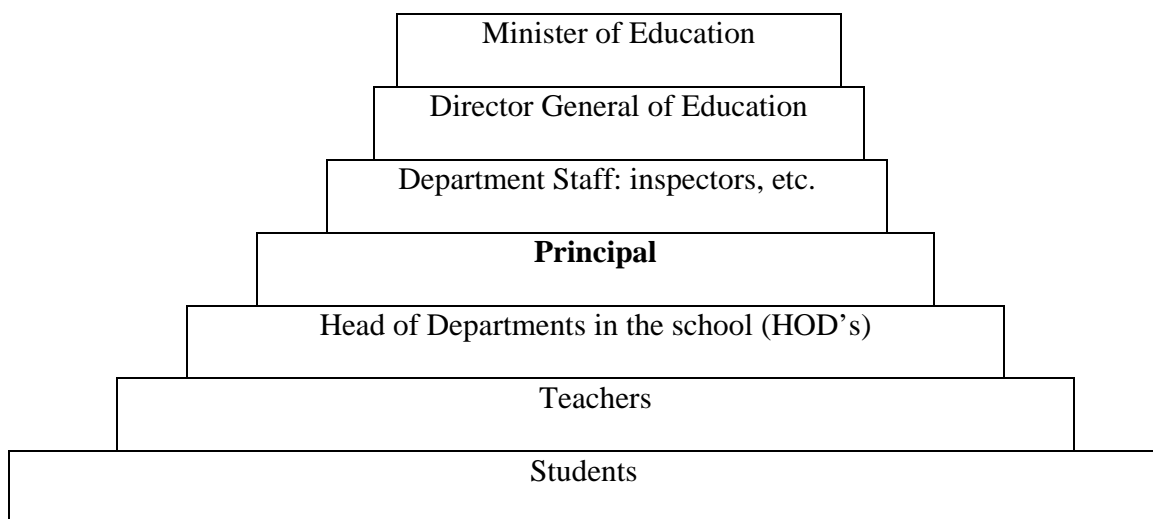
The concern is whether the added financial responsibility is creating a conflict about whether the principal becomes more of an administrator and less of a manager. Cited in Dimmock (1993:120) The Sheffield City Polytechnic (1986) evaluation of delegation in Lincolnshire, based on interviews with the seven pilot school principals, found:

“All seven principals agreed that the scheme had increased their workload and changed its pattern. As one principal put it, I spend considerable amount of time on matters not strictly educational ... Four principals commented that this change in role meant less contact with pupils and staff...”

How principals respond to new powers and responsibilities depends partly on their attitude of their role. According to Bisscoff and Sayed (1999:311), with regard to the changing role of the principal in collaborative and participative decision- making, chapter four of the South African Schools Act 84 of 1996 (Government Gazette No. 17579, 1996:2-28) places the responsibility for the financial management of the school in the hands of the governing body of the school. Thus, the principal as a member of the

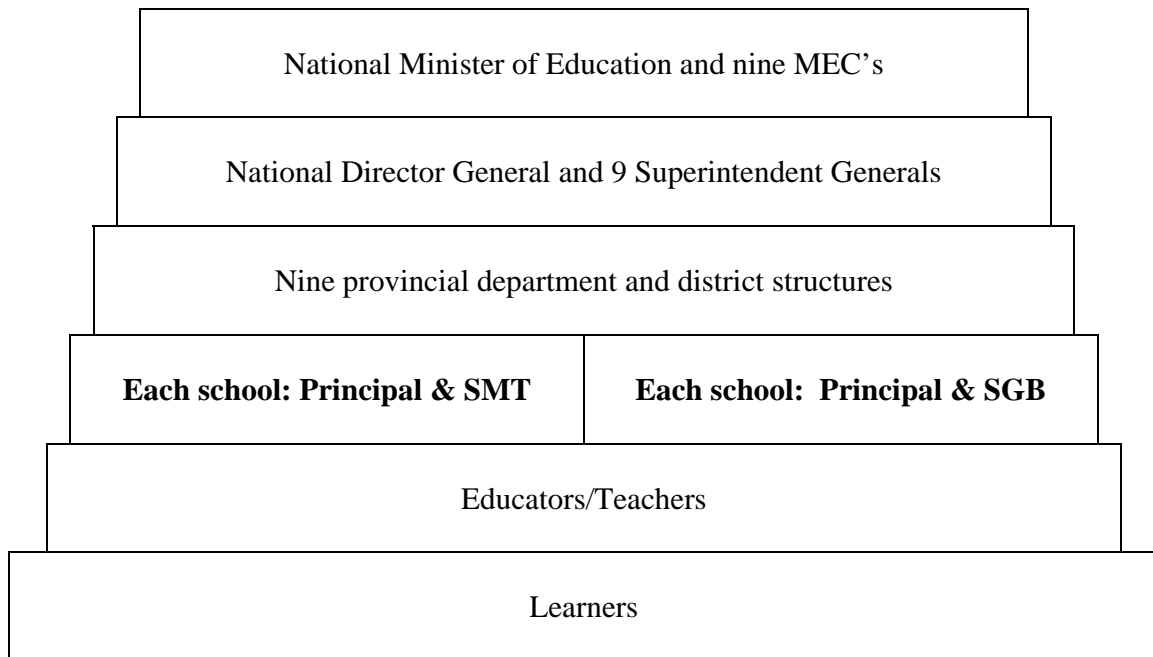
governing body cannot make decisions on his/her own. The principal has to consult with all stakeholders on the governing body in relation to financial management of the school. The very nature of the Act encourages collaborative and participative decisions. Therefore, if a principal is not accustomed to such forms of decision-making, he or she will now have to change their manner of management to suit the changing circumstances.

The principal is no longer able to see him/herself as the authority figure. Instead the principal must become a coordinator of a number of people representing different interest groups, such as the SGB, educators, learners who together will determine the direction the school will follow. The pyramids below is used to demonstrate how the responsibility of the principal has shifted form the old management structure to the new management structure in South African Education. In the past, the education hierarchy looked like the first pyramid. At the school level, the principal was the single person responsible for managing the school.



With the new management structure, the work of the principal has broadened. The principal no longer holds all responsibility for running a school. The principal's work is now more formally shared with the Heads of Department (HoDs). Together, they form a School Management Team (SMT). Then next to the SMT is a parallel structure, the SGB. The SMT and the SGB need to collaborate (work together) in leading and managing the

school. This what the new management structure looks like in a pyramid form (Sacred Heart College R&D 1999: 9) The two pyramids have been used to illustrate that the new management structures, in terms of financial management roles, requires principals to be accountable to all the stakeholders and financial decisions need to be a collaborative one.



The main elements of the head teacher's role in locally managed school are closely related to the components of the open systems model of the school. These are:

*Boundary management:* this is important for resource management, because it is central to the acquisition of resources. In all schools, the principal by virtue of his position was the link between the school and the other stakeholders (Department of Education, local community) and one of the functions was to cultivate a network of contacts with other principals and key members of the community involved

*Resource management:* this embraces budget management and the creation and maintenance of as good a learning environment as possible with the resources available.

It encompasses the linkages between allocating financial and physical resources and the resulting educational outputs and outcomes (Levacic 1995:110).

*Instructional leadership*: managing the technical core of the school, i.e. its processes of teaching and learning, and embraces both curriculum and human resource management.

“For the head teacher, the key personal question is the balance they choose between the various elements of the role.” (Levacic 1995 : 110).

Levacic (1995:109), who provides a British perspective on Local Management of Schools (LMS), states that LMS, has brought about significant changes in the roles of key personnel in the schools. The role most affected by these changes has been that of the head teacher. The expanded responsibilities of principals meant that other roles within the school are immediately affected if they are to find the time to conduct their job effectively.

### **2.5.1 Budget Management**

According to Levacic (1995:113), the new tasks of budget management, encompassing financial reporting and budget setting, are the most transparent and obvious of the changed role of the school and hence of the principal. Principals had the most influence on how these tasks were undertaken by determining both their own approach and that of others. This was also the finding in set case studies done for the Resourcing Sheffield Schools Project, which reported that the principal was central to the organization and distribution of resources (Burgess et al 1992:3).

In examining how principal conducted budget management, it is necessary to consider two key roles - that of budget manager and that of finance office. The budget manager is a role undertaken by a member of the school's senior management team (Principal or Deputy Principal). The budget manager is responsible for drawing up the budget and steering it through the school's decision-making structure. The finance officer services the budget manager by being responsible for the day-to-day operation of the financial

control system. The finance officer is normally a member of the non-teaching staff. The budget manager role is of greatest significance, since it is pivotal to the allocation of resources at school level. (Levacic 1995:115) In South Africa, although the principals are not given the title of budget manager, the principal's job description is similar to that of a budget manager as described in their administrative job description. In administering a school the principal must ensure that the school accounts and records are properly kept and make best use of funds for the benefit of the learners (in consultation with the appropriate structures, particularly the finance committee) (Department of Education and Culture: Towards Effective School Management 2002:15).

From the Sheffield Schools Project, it is evident that certain principals were able to delegate the responsibilities of budget manager to their deputy head, while others did not. Some principals from English schools argued that their responsibilities for LMS was to carry the can at the end of the day making decisions as best one can based on the information coming in, also to acted as budget manager and do a considerable amount of the detailed financial figure work as well. They stated that the workload was considerable: spending far more time than they should on financial issues.

The principals from other English schools such as Pentland and Horsefield also acted as budget managers. Both these principals felt unable to delegate these roles to their deputies. The problem of coping with budget and site management (in relation to the physical resources management, schools have acquired responsibilities for managing their buildings and sites to a much greater extent, thus creating a third role- that of 'site manager') is particularly severe for heads of small primary schools that have major teaching commitment. The study also indicated that the time demands of local management were cited by 65 per cent of negative features most frequently mentioned by staff at all levels ( Levacic 1995:117).

### 2.5.2 Instructional leadership

The head (the principal is referred to as the head or headteacher, in Britain) of Horsefield states: “I am becoming more and more some sort of line manager, (in charge of the administration of a line function of an organization; administration of activities contributing directly to the organization’s output) much more so than a head teacher. I do very little teaching. I still feel guilty about my lack of contact with the children. I am sure that parents would prefer a head that was seen more in the classroom.” Pentland head states: “Heads are now much more line managers and I am not sure all heads are happy about this. Most head teachers are there because they are good teachers and show good practice in the classroom and like interacting with and teaching children. They had a timetable where they were able to balance their management expertise and take their teaching expertise to the classroom... Now that has been wiped away overnight, as we are spending so much time in chairs over documentation and there is a feeling of guilt that we should be doing more in the classroom... Heads are stressed because they are trying to do the old job (manage the curriculum) as well as coming to grips with the new demands (spending more time on financial issues).” Financial planning and budgetary control are a large part of this (Levacic 1995:118/119).

Similar views are held by Blanchard, Lovell and Ville, (1989:92), when they state that the changed role for head teachers will result in the head teacher having less time to be a teacher, since many principals preferred to still teach for certain hours of the day). Unless the school makes a decision to hire a bursar to take up the increased administrative load, the head teacher will find that more of the day is taken up with financial matters, and thus less with individual children, parents and staff. Will the principal still be able to know every child in the school, as most have been able to do?

Blanchard, Lovell and Ville (1989:92) also state that the changed role for head teachers will undoubtedly ensure that schools are much more aware of the financial cost of education. Whether it is the rates, window repair, the cost of a maternity leave or of exam fees, these will now be known, rather than vaguely understood. The era of “pure

educationalist” that is someone who tried to ignore the financial cost of a particular form of provision- has disappeared. Principals will become more attuned to and more responsive to the demands of their staff, their parents and their pupils, even if by being more responsive, this means saying ‘no’, rather than passing the buck and the decisions to the LEA (Local Education Authority). The LEA has similar functions as the Provincial Education Department in South Africa.

### 2.5.3 Changes in leadership skills and management

Cranston (2002:3), who has conducted a study on School-based Management and its changes and challenges for principal, in schools in Queensland, Australia, states that apart from the financial role that principals have to now fulfill, other changes in skills and capacities of principals have been identified. Table 2.3, represents a marked shift from that required of principals prior to school-based management. The table represents the variety of leadership and management skills and capacities likely to be needed by principals of schools as they subjected to increasing change forces.

The significant changes in the roles and responsibilities for principals resulted in principals needing to draw on and develop a broader and more complex set of skills and capacities than those held previously. The list below represents a marked shift from that required of principals earlier.

#### Change in skills and capacities of principals- overview. (Cranston 2002: 5)

- ❑ Generally, various aspects of strategic leadership- people, school, educational
- ❑ Generally, various aspects of strategic management- facilities, **budgeting**, staffing, **accountability**
- ❑ Leading, visioning, cultural change
- ❑ Knowledge of state, national and international educational developments
- ❑ Knowledge of wider organizational change and development issues beyond education sector
- ❑ Capacity to make meaning for others of these developments (educational and otherwise)

- ❑ Capacity to manage and lead through uncertainty
- ❑ Interpersonal, people skills- communication, collaboration, consultation, negotiation, persuasion, conflict management
- ❑ Capacity to empower and delegate effectively, leading to multiple leadership roles
- ❑ Capacity to manage time effectively, identify and act on priorities
- ❑ Capacity to operate in a culture of higher pressure and greater job demands
- ❑ Capacity to identify skill deficiencies

#### **2.5.4. Staff issues influencing the school budget**

Now the teacher who has a high level of absence may find more questions being asked now than before, when the cost of such absence did not affect the school's budget. "Similarly, female teachers who are about to start a family may be perceived in a different way than in recent decades. Of course, some would argue that these concerns will make head teachers better managers. Others would see this as an utterly retrograde step which encourages a hire and fire mentality, rather than, in the case of a failing teacher with a high absence rate, attempting to support that teacher." (Blanchard, Lovell and Ville, 1989: 93) In terms of control over the human resources, here human resources refers to the teachers, teachers who are absent regularly, may find more questions being asked than before, when the cost of such absence did not affect the school budget. "Whatever the merits and demerits of these kinds of scenarios, according to Blanchard, Lovell and Ville (1989:93), the principal (head teacher) will feel that s/he is more able to control and direct resources rather than have to passively accept decisions of the LEA."



Table 2.3. Change in roles and responsibilities for principals- overview. (Cranston 2002: 4)

Decrease in	Increase in
“Hands-on” role in the curriculum as typified by activities likely of a traditional leading or head teacher where classroom visitations are evident	Strategic role in the curriculum as typified by working with curriculum and other committees, using school and class accountability data to facilitate changes in teaching-learning
Responsibility, as an individual, to take decisions, although number and variety of decisions increased significantly	Need to work with, and through, representative committees and groups in collaborative way to achieve agreement re decisions
Time and opportunities to take decisions as an individual generally	Need to delegate decisions to others as well as apply time management/prioritizing skills
Involvement in “low level” management activities- delegated as possible to others	Involvement in “strategic level” management activities example, accountability
Externalizing accountabilities and responsibilities example to central and regional offices, although formal accountability demands from the system increased, such as annual reports	Local accountabilities to school community members
	Time, workload and pressure
	In leadership of (a) school- through visioning, strategic planning; (b) people-attitudinal and cultural change; (c) educational- improved learning outcomes focus
	Operational climate of autonomous decision-making

## **2.6 A brief overview of the financial role of the principal in certain developing countries.**

It is almost impossible to list all countries that have adopted, under one form or another, school-based management policies. The UK, New Zealand, several states in Australia and in the USA was without a doubt the first in which school-based management occupied the policy agenda.

The situation in Africa is interesting. In French-speaking Africa, due to the pressure from international agencies as well as the scarcity of resources made available by the State, the role played by principal is changing. As schools receive too few resources from the Ministry to survive, they feel forced to collect additional resources from the community. As a result, the school principals manage some funds autonomously. When these funds are used to recruit extra staff, they also manage that staff. At the same time, international agencies (particularly the World Bank) are proposing to send block grants to schools, which can be spent how they wish (De Grauwe 2004:3).

Through these different aspects, school principals are playing a bigger role. It is therefore correct to say that there is greater autonomy, but this is not the result of national policy and neither is it reflected in it. This poses a problem, as, for instance, there is little control over school funds and little support to school boards and principal (De Grauwe 2004:3).

In Latin America, some popular initiatives also fit within the realms of the SBM movement. In Chile, some performance-related financing of schools has existed for quite some time, while in various Brazilian States a school's principal is no longer nominated by the central level, but elected by the teaching corps and/or the community from among various candidates.

Although there are a number of solid argument to defend the introduction of school based management in developing countries, one of these strong arguments that it is more

democratic: allowing teachers and parents to take decisions about an issues of such importance as education is certainly more democratic than to keep this decisions in the hands of a select group of central-level officials.

There is however concerns with the implementation of school-based management in certain developing countries, for example, few principals can be considered strong and well-trained professionals. Quite a few are simply teachers benefiting from end-of-career promotion, which is hardly their fault. There is evidence of insufficient measures to strengthen the position of principals. In most developing countries, selection and recruitment practices have not changed; capacity-building initiatives cover few staff. Principals, especially in the more remote schools, are isolated and receive little or no support from the administration. In many countries, the incentives to become or remain a principal are decreasing rather than increasing. SBM has in several cases made life harder for school principals by increasing their administrative and managerial workload, to the detriment of their role as a pedagogical leader. It is wrong to presume school staff and, principals are always ready and willing to undertake reform (De Grauwe 2004:9). According to Leithwood and Menzies (1998) in De Grauwe (2004:9), there is already much demand on their time and, as a result, only a relatively small proportion of a school staff's total energies are available for improvement purposes. This factor is at least as important in developing as in developed countries.

In conclusion, it has been identified that there is an urgent need to develop an integrated policy at which is aimed at improving school management and strengthening the principal. Some of the areas that need to be included in this policy are, clarification of the areas of autonomy and level of accountability so that principals feel strengthened rather than overburdened, There should be a strong and consistent support system, especially for beginning and/or isolated principals, develop a motivating career path, by offering professional development opportunities and strengthening in-service training. (De Grauwe 2004:11)

## **2.7 Role of the Governing Bodies internationally**

It is important to explore the role played by SGB in school- based management, in the international arena. According to Levacic (1995:77), one of the distinctive features of the English and Welsh version of school-based management is the significant formal power of the SGB. In Britain, the official Guide to the Law for school Governors states that the SGB has a general responsibility for managing the school effectively, acting within the framework set by legislation and the policies of the LEA. One of the major responsibilities of the SGB is the management of the school budget. The principle of the Local Management of Schools (LMS) is that the SGB, together with the principal, decides how to spend the overall budget taking the needs of the school and its learners needs into consideration.

The SGB in conjunction with the principal (headteacher) is best able to judge the particular needs of a school, rather than local government officers working from the 'office'. In keeping with the perception of "the parent" as a neutral political figure, it was felt that SGB, with the professional guidance of headteachers, would be able to counteract excesses of local authority policy. To that end, the 1986 Act required that LEA's make a sum of money available to each SGB, which they could spend on books and materials in a way they felt to be appropriate, subject to the views of the head teacher. Such a development would enable governors to have a real input into the curriculum of the school, since the principal (headteacher) would have to discuss with them how to spend their money.

According to Blanchard, Lovell and Ville (1989:11), in Great Britain, the 1986 Education Act was an important step towards reworking the balance of power between LEA's teachers, central government and the SGB. The 1986 Act not only helped this process by changing the balance of governing bodies- reducing the number of LEA governors to equal the number of parent- governors- but also gave governors, among many other enhanced responsibilities, the power to modify the LEA's curriculum policy statement, and the responsibility for an element of the school budget. The new responsibilities

meant that governors had to be accountable to the parents. The 1986 Act required the SGB to furnish parents with an annual report, detailing their work during the year, and to hold an annual parent's meeting to discuss it.

## **2.8 Role of the School Governing Body in South Africa**

The South African Schools Act (SASA) requires the SGB of all public schools to establish school fund accounts and administer these in accordance with directions issued by the Head of Department (HOD). All monies received by the school must go through this account. (The SGB must open a banking account for this purpose).

The school governing body is required to draw up a budget every year to show the estimated income and expenditure for the following year.

Xaba (2004) in Naidoo (2006:24), states that the core function of the SGB in self-managing schools is to promote the educational interests of the school and consequently of the learners. Further more, this is a strategic framework, aims and objectives within the schools vision and mission, setting policies and targets for achieving objectives and monitoring, and finally evaluating the progress achieved. Thus it is vitally important for the governing body to function within a framework that allows quality education to be afforded to its learners.

### **2.8.1 Training of the School Governing Body in South Africa**

The parent component of the SGB, according to SASA (Section 23 (9)) comprise of one more than the combined total of the other members who have voting rights of the governing body. The parents voted on the governing body often do not possess the skills required to governing a school; therefore they have to receive training to equip them to perform their functions efficiently.

SASA (Section 19) allows for training of governing body in order to capacitate them to function effectively in their governing functions. The biggest question arises, according to Naidoo (2006:25), are these governing structures equipped to handle the huge responsibilities of determining policy or giving direction? Dimmock (1993:117) asserts that various factors such as differences in phasing in the changes, the transitional period and lack of training, can seriously hamper progress in schools.

## **2.9 Summary**

In the international arena as well as locally, it can be concluded that school-based management/local management has significantly expanded the role of the principal and made it more complex, among which include increased diversity, greater leadership skills, strategic planning skills, budgeting and financial skills. It has also increased the power and responsibility of the principal, in terms of local accountability to school community members, also their ability to delegate decisions to others as well as apply time management and prioritizing skills. They also have the responsibility to work in a collaborative way to achieve agreement re- decisions. The research has indicated that there are those principals who are concerned about the costs in time and possible diversion of focus away from teaching and learning. Since financial management of schools is a relatively new concept in most South African schools, the burning question is whether our principals have the essential training necessary to implement and efficiently manage the finances of Section 21 schools.

## **CHAPTER 3**

### **Design of the research instrument and empirical investigation**

#### **3.1. Introduction**

The previous chapter has explored the international arena and their experiences of school-based financial management, the changing role of the headteacher/principal, and the role of the SGB. Reviews of the literature (based on investigation done in Australia, UK, and certain developing countries), on school-based management reveals differences between organizational arrangements (that is; the theory on which school based management should be implemented) on one hand and the reality on the other. In order to obtain a South African perspective on the changing role of the principal of Section 21 schools, with regard to financial school management, the qualitative research methodology was used and the choice of this method will be explained further on in this chapter. This chapter also examines the process in which the data required in providing a South African perspective, was collected.

#### **3.2 Research Design**

A qualitative method using the structured interview technique will be used. “Qualitative data can produce a wealth of knowledge from a restricted number of people. The experiences, opinions, feelings and knowledge of people can be captured by direct quotations, and are not distorted or limited by predetermined, standardized categories. The researcher is allowed flexibility to explore unanticipated topics of importance as they are discovered.” (Patton 1989:57) The primary reason for this study is not to establish quantifiable, statistical relationships but to describe the characteristics and experiences of principals of Section 21 schools and their financial management roles.

According to McMillan and Schumacher (2001: 395), “interactive qualitative research is inquiry in which researchers collect data in face-to-face situations by interacting with selected persons in their settings.” Qualitative research describes and analyses people’s

individual and collective social actions, beliefs, thoughts and perspectives. The researcher interprets phenomena in terms of the meanings people bring to them.

Qualitative research allows the researcher to study a group of individuals (through observation or interviews) who have had a similar experience but may not be interacting with each other. Thus the qualitative research design suits this particular research, that is principals from various schools experiencing similar problems but don't always interact with each other, due to locality.

According to McMillan and Schumacher (2001: 399), "qualitative studies can provide a detailed description and analysis of a particular practice, process and event. Some studies document the happenings while other studies contribute by increasing the participant's own understanding of the practice to improve the practice. A series of qualitative studies with similar research foci, conducted independently by different researchers in different settings over a span of years, may contribute to educational knowledge through the preponderance of evidence accumulated." Qualitative methodology thus allows the researcher to achieve the above aims.

### **3.3. Rationale for choice of study**

The study was conducted in the province of Kwa-Zulu Natal specifically in the Umlazi district. The choice of the study area was multi-factorial. The Umlazi district comprises of diverse multiracial schools. The principals selected are considered to operate previously disadvantaged schools. Although the majority of the previously disadvantaged schools in the Umlazi district have chosen to operate as Section 20 schools (Department of Education administers the funds on behalf of these schools), the schools selected for the study have opted to operate as a Section 21. Section 21 status is a new concept in South African Schools. By January 2002 just 10% of schools in Kwa-Zulu Natal were classed as Section 21 Schools (Department of Education and Culture: Towards Effective School Management-A guide to Norms and Standards for Schooling 2002:17).



The above combination of factors provided the rationale for embarking on research concerning financial management role of principals of Section 21 schools based on the fact that this was a fairly new practice for principals. The benefit of choosing this area was that the schools were multiracial, reflective of the transformation of South African schools. According to Neumann in Malan (2001:19), the selection of research sites for qualitative research is informed by three factors, namely, richness of data, unfamiliarity and suitability. However a drawback was that certain schools had recent attainment of Section 21 status and therefore did not have sufficient experience when answering certain questions.

### **3.4. Sampling**

The participants in the study were principals. The researcher used purposive sampling (purposive sampling is done to increase the utility of information obtained from small samples) the participants were selected based on their status, that is, previously disadvantaged, their race formerly classified as “Black”, “ Indian”. The sample was heterogeneous in terms of gender (four males and one female principal were interviewed). Both primary school and secondary school principals were interviewed, of which four were from primary schools and one from a secondary school) Neumann in Malan (2001:20), states that the use of purposeful sampling procedures of which reputational sampling is one, is typical of qualitative research. Because reputable sources represent ‘information-rich cases’, they yield sufficient data for ‘thick’, ideographic descriptions that will ‘transport’ readers to the contexts and situations where the investigations took place. Principals without contact details were eliminated from the sampling frame. Only five principals from Section 21 schools were interviewed. Participants were contacted via mail. Five participants were used in this study. The researcher found that two other principals that were selected were rather reluctant to be interviewed, stating that they recently became Section 21 schools and do not feel equipped to be interviewed.

### **3.5. Ethical consideration**

A list of principals from the eThekweni Region was sourced from the Department of Education. Permission to conduct the study was obtained from the principals of the selected schools (see annexure 2).

At no stage will the principals' comments be revealed to the Department of Education or to any other source. This was highlighted to the participants prior to the interview, to guarantee their privacy. It was emphasized in the permission letters as well as prior to the interview that participation in the study was voluntary. Permission to tape record the session was also obtained from the participants prior to the interview. The researcher transcribed the tape recording. The primary data of the interview will be verbatim accounts of what transpires in the interview session. Tape recording the interview ensures completeness of the verbal interaction. The anonymity of the participants was protected at all stages of the study (see annexure 2). During the analysis and findings no reference of the schools or the names of the principals participating in the study was mentioned. Participants were labeled as, a, b, c etc.

### **3.6. Data Collection**

The study was piloted among principals in the Umlazi District. The study was piloted in English. The interviews were approximately thirty minutes in duration. After the first two interviews the researcher made minor changes (see annexure 3) to the interview guides. Some unanticipated topics and new questions such as the budgetary allocation of the department being a reason for schools applying for Section 21 status were identified and included into the interview guide. All interviews were tape-recorded. However, observational field notes were also recorded for every interview, describing the setting in which the interview took place as well as to help record nonverbal communication. The researcher collected and analyzed all the data.

### **3.7. Research Instrument**

An interview guide approach (annexure 3) was used to help optimal uniformity. Each theme, example, the shift towards Section 21 schools was supported with appropriate probes to elicit in depth information, the probe for this theme would be: What are the benefits of a Section 21 school? What are the disadvantages of a Section 20 school? The interview guide was developed using information gathered during the intensive literature study. In order to introduce variety into the interview, probes for some themes were pre-listed. According to Patton (in Malan 2001:30), qualitative interviews are especially important sources of qualitative data in evaluation research. Qualitative interviews may be used to uncover/discover the current perceptions, future expectations or anticipated experiences of participants regarding the phenomenon being investigated.

The researcher will briefly explain the rationale behind the choice of question asked to the respondents. The first question was “Why did you choose to operate as a Section 21 school?” This was asked to ascertain their experience of operating as a Section 21 school. The next question, “Do you teach any learning areas, if so how many hours do you spend in the classroom?” This question was designed so as to gain information on the contact time that principals have with their learners.

With regard to the question on transparency, the researcher asked principals what measures do they have in place to ensure that a spirit of transparency, accountability and responsibility, in terms of the school financial status, prevail at their school. At times the researcher had to use the designed probes to help respondents answer this question.

In terms of SGB responsibility the researcher asked the following question, “Legally it is the responsibility of the SGB to manage the school budget. What role does your SGB assume in terms of school finances? This question was asked in order to gain an insight into the involvement of the SGB in schools and whether the SGB is fulfilling their legal obligation.

The researcher asked the respondents if they were able to delegate any of their financial role functions to other senior management members. The aim of this question was to understand whether respondents worked as a team together with SMT.

The research instrument was designed so that a variety of categories related to Section 21 schools were explored.

### **3.8. Data Analysis**

According to Malan (2001:34), qualitative researchers accept the existence of multiple realities. By implication the data they collect represent the subjective realities of the sites and subjects they investigate. Data are therefore, not presented in the form of statistics, as is the case in quantitative research, but in the form of words, pictures, diagrams and/or symbols. According Neumann in Malan (2001:34), qualitative research reports attempt to capture the sense of what occurred by providing descriptions which are detailed enough to transport readers to the context in which the investigation took place. By doing this, qualitative research reports permit multiple interpretations and provide readers with the opportunity of inferring their own meaning from the text.

The data analysis process was managed manually and thematically, by the researcher. The predetermined categories, example the shift towards Section 21 schools, in the interview guide were used. The interview guide was used to create a tree of themes. These predetermined categories or themes were obtained from ideas obtained from the literature and research in prior studies. For example, the central theme was Section 21 schools and the financial responsibility that it brought with it and the various categories explored were related to the central theme.

### **3.9 Research Results**

The results are presented in a narrative discussion under predetermined themes (see results and findings pg. 44).

#### **3.10 Trustworthiness of research finding**

The quantitative research is commonly established in terms of its reliability and validity, however these criteria are inappropriate for qualitative research because they reflect a particular philosophical and epistemological orientation. Lincoln and Guba in Malan (2001:35), suggest that qualitative research should rather be assessed in terms of the credibility, transferability, dependability and conformability of its data.

In this study, various attempts were made to enhance the trustworthiness of the research finding. The research used multiple forms of literature to obtain information. The data collected have been cross-referenced with research conducted in Australia, New Zealand and Britain, this was meant to establish credibility.

#### **3.11 Limitations of the study**

The researcher initially experienced difficulty with the contact of the EMIS section of the Department of Education. Retrieving of reply slips from principals also caused delays. Remainders were done telephonically.

Certain principals that were selected did not want to participate because their schools had recently gained Section 21 status. The researcher is of the opinion that some respondent may have limited knowledge and experience of their financial management role and therefore did not want to participate in this study.

The researcher also experienced difficulty in securing times for the interviews as the researcher has a permanent job and the Department of Education often set-up principal

meetings, giving principals short notice, therefore certain interviews had to be re-scheduled.

Safety and security was also a problem as certain of the respondents were from areas previously known as the 'township'. Finally the lack of finances prevented the researcher from employing a research assistant to conduct the interviews.

### **3.12. Summary**

The concept Section 21 or school- based management is relatively new in South African schools. This new concept has given rise to the researchers' investigation into the changing role of principals in terms of financial responsibility, in section 21 schools.

This chapter has dealt with the methodology and process conducted by the researcher in order to gather and organize the information from the selected sample of principals in the Umlazi District.

The findings and discussions that were derived from the above process will be explored in the next chapter.

## **CHAPTER 4**

### **Analysis and interpretation of the Results and Findings**

#### **4.1 Introduction**

The focus in chapter three was on the research design, the research instrument and a discussion of some question and the rationale behind the design of certain questions.

This chapter examines the data collected from the various principals in order to provide some evidence against which to assess the financial management role of Section 21 principals.

The findings are organized under the following headings: shift towards Section 21 schools, shift in responsibilities, governing body involvement, transparency, accountability and responsibility, skills required by principals for effective and efficient financial management, time allocation, delegation, problems and obstacles, improvement of efficiency and effectiveness, flexibility of hiring support staff and general comments.

#### **4.2. Analysis**

According to McMillan and Schumacher (2001:461), qualitative data analysis is primarily an inductive process of organizing the data into categories and identifying patterns (relationships) among the categories. Most categories and patterns emerge from the data prior to data collection. In this study the researcher used categories that were obtained during the literature review. Analytic styles among researchers vary from structured ones to more emergent intuitive ones. There are, however general processes and some techniques that are common. As indicated the data in this study was managed manually, using predetermined categories.

### 4.3 Important findings

#### Finding 1

##### *Shift towards Section 21 schools.*

The question, which enquired as to why principals chose to operate as section 21 schools, the respondents interviewed indicated that service-delivery, such as purchasing textbooks and stationery, was cheaper and much faster, negotiations with suppliers was more efficient. They are now able to invite a number of suppliers to tender and as result save the school more money. One respondent also stressed about the ‘red tape’ involved when operating as a Section 20 school. Another respondent indicated that it was a ‘bothersome task to constantly submit EC 72 forms (these are requisition forms).’

#### Finding 2

##### *Shift in responsibilities.*

The next question enquired as to whether principals saw the shift or change in their role from a financial management perspective. Respondents reported that there was a shift with regard to the principal’s role in financial school management. Some of the reasons varied, certain respondents felt that they have become more accountable in every decision that is made. One principal indicated that “ Previously, all that we did was submitted requisitions to the department and they made the financial decisions, now everything is budgeted, that means there is more responsibility on the school and indirectly on the principal to make sure that finances are properly management.” A similar situation prevailed in other countries that have been researched in this study (see 2.4 pg. 18).

It was also found that this shift in financial responsibility has resulted in the formation of various internal committees, example a Quotes committee. However 20% of the principals have indicated that these committees have resulted in a number of meetings being set up, in order to verify purchases and prices. So it has impacted negatively on their time to manage other aspects of the school (see 2.5 pg. 24).



### Finding 3

#### *Governing body involvement.*

The following question was asked relating to the issue of SGB involvement. Legally it is the responsibility of the SGB to manage the school budget. What role does your SGB assume in terms of financial school management? Are they heavily reliant on you the principal?

On the issue of the involvement of the SGB members in the financial management of the school, responses varied. 20 % of the principals indicated that the school budget was drawn up together with the SGB, while 60% principals indicated that they are ultimately responsible for drawing up the budget, which is then presented to the SGB. About 20% principals indicated that they have seen transformations in terms of reliance of the Governing body on the principals, when new governing bodies were elected. However although principals encourage governing body involvement in financial school management, principals saw their roles as leaders and mediators so that correct decisions are made in terms of the finances of the school.

In terms of staff involvement, almost 80% of the respondents interviewed indicated that it is appropriate to involve staff in fulfilling the financial management function of the school. Staff members were actively involved in the various committees during the processes of drawing up the schools budget.

The above responses can be compared to what Bisschoff and Sayed (1999:313), have said in their investigation that although principals did not mention the terms “collaborative” and “participative” decision-making indications are that practices (that is networking with all stakeholders) are being incorporated in their management style (see 2.5 pg. 24,25)

#### Finding 4

##### *Transparency, accountability and responsibility*

When investigating the principal's role in ensuring transparency, accountability and responsibility in financial management of the school, principals interviewed indicated that strict documentation and records are kept, there is constant reporting to the various stakeholders (parents, educators, governing body). Schools have internal auditors as well as external auditors who check the schools financial records annually. Measures such as correct accounting practices (that is drawing up of income and expenditure statements, drawing up of the school budget), staff and SGB involvement all contribute to accountability and transparency. 80% of the respondents still saw themselves as being ultimately responsible and accountable for the finances of the school. One principal states, "I have educators serving on the various finance committees, but at the end of the day, I am still the accountable." A similar view is held by Dimmock (1993:128) when he says that the management literature stresses accountability as an important consequence of delegation. If you manage it, you are accountable for it. Principals are accountable for their budgets (see 2.5.3 pg.30).

#### Finding 5

##### *Skills required by principals for effective and efficient financial management.*

The following question was asked, "Besides your formal teacher training, what other forms of academic or professional training did you undertake? Do you think that you are adequately trained to manage the financial responsibilities of your school, if not who do you think should be responsible for the training of principals in term of their new responsibilities? When considering the skills required by principals for effective and efficient financial management, responses received from principals indicated that one needs training in effective financial management of a school. Some respondents felt that financial management training should begin before an educator can apply for the principal's position. A similar system of early identification of promising future principals was recently developed in Malaysia. They are given training before occupying their post including thorough mentoring by practicing principals. (De Grauwe 2005:9)

#### Finding 6

##### *Time allocation to financial management aspects*

When questioned about the percentage of administrative time spent on financial management aspects of the school, responses received from principals indicated that this aspect of administration was done outside school hours, some spend Saturdays at school going through the finances, others indicated that they take work home to complete.

#### Finding 7

##### *Delegation of financial management duties*

In terms of the delegation of any of the financial management responsibilities to other senior management team, principals felt that since they were accountable for the school budget, it makes it difficult to delegate the financial duties to other senior members. Although duties were delegated principals still make sure that they check all the necessary accounting practices. In particular school delegation to the senior management team was non-existent due to the fact that the senior management team have very heavy academic teaching timetables (see 2.5.1 pg.27).

#### Finding 8

##### *Problems and obstacles regarding financial management roles*

Responses received from principals regarding the problems and obstacles encountered in fulfilling their financial management role, varied. Firstly the quick turnover of SGB created the problem of internal stability. Secondly the departments scheduled training of the SGB members did not always materialize. A principal stated the following, “ I know for example that at the end of 2003 they drew up a fantastic theoretical plan for the training of SGB members and it fell through in 2004. At the end of last year they did the same thing and the beginning of this year they could not follow through.” Practical problems like time constraints and working hours of the SGB members was also identified as an obstacle encountered by principals.

A new theme identified during the interview was the education department's placement of schools on the decile ranking. A principal stated that although his school had tarred

roads and running water, it serviced learners of refugees and many came from informal settlements, therefore school fee collection created financial management problems due to low department allocation in relation to the school decile ranking.

#### Finding 9

##### *Improvement of efficiency and effectiveness*

On the issue of improvement of efficiency and effectiveness in terms of service delivery, one of points raised was prioritization. Respondents indicated that they are able to negotiate, by communicating directly with suppliers and setting timeframes for delivery and therefore receive resources faster. Service delivery can now be dictated by the school and not by the department of education.

#### Finding 10

##### *Flexibility of hiring support staff*

When discussing the flexibility of hiring support staff and whether principals have become more bureaucratic in their approach, respondents stated that due to department regulation the hiring of support staff from the department allocation was not allowed. Therefore if any additional staff was required it had to come from school fee money, therefore a limited number of additional staff were hired or none in certain schools. Those that hired support staff were also bound by criteria for hiring and firing staff. In terms of adopting a bureaucratic attitude, one respondent felt that the need to be accountable for the finances has made the respondent bureaucratic in terms of checks and balances (see 2.5.4 pg 31).

##### *General comments*

Finally under general comments, respondents offered a variety of suggestions to improve their situation. Firstly, they would welcome the employment of an additional secretary or bursar. Secondly, training from teacher college level should include financial management courses as part of their curriculum. Thirdly, the training of SGB members is essential. Lastly, the department of education should consider taking principals out of the classroom. The department should increase their school monetary allocation.

### 4.3 Summary

It is likely that the findings as identified in the this study for principals, would also be evident for many other Section 21 school principals who have experienced the many educational and financial changes with the introduction of Section 21 schools. It is clear that the roles and responsibilities of principals have changed and continue to change, as have the skills and jobs to undertake these. According to Cranston (2002:10) school-based management has contributed significantly in this regard in recent years.

From the findings it is evident that many principals are encouraged by the quicker and efficient service delivery. However Section 21 schools, has in some cases made life harder for school principals by increasing their administrative and financial management role. There has been a great demand on their time. It was also found that although legally it is the duty of the SGB to run the finances of the school, 60% of principals interviewed indicated that they were ultimately responsible for drawing up their schools budget. It is the researcher's opinion that the reason for greater reliability on the principal for financial responsibility is due to the lack of financial skills on the part of the community. This view can be supported by what Lawler (1984) in De Grauwe(2004:6), For the community to play a role, four requirements should be present for legitimate participation, knowledge and skills; power; information and rewards. This is hardly the case in many communities.

From the data presented in this chapter, it can be concluded that Section 21 status has significantly enlarged the role of the principal and made it more complex. It has increased the power of the principals, as they, in practice, exercise the power given by legislation to governing bodies. Many principals consider Section 21 status as beneficial to schools, though they are concerned about the costs in time and possible diversion of focus away from teaching and learning. The following chapter offers recommendation and possible solutions to the questions posed in chapter one.

## **CHAPTER 5**

### **Summary, recommendations and conclusion.**

#### **5.1 Introduction**

From what has been discussed, it is clear that school-based financial management has dramatically affected the roles of all stakeholders, (parents, educators and principals) involved in education. For principals and SGB, there has been a substantial enhancement of existing power. The impact of school-based financial management on schools is varied. According to Naidoo (2006: 91), “The South Africa Schools Act introduced a new era for the young democratic South Africa. The South Africa Schools Act (SASA) empowers SGB to manage their own finances. This decentralized form of financial control demands that school principals structure the management of finances in a transparent manner, thereby displaying a high sense of responsibility and accountability for all their actions.”

The general aim of this research was to gain knowledge regarding school-based management and to develop guidelines and recommendations to assist principals of Section 21 schools, in implementing self-reliant schools. The study also aimed to answer the following questions. Did principals of Section 21 schools receive sufficient training in handling finances? Do they have any formal qualification in the financial field? Are the governing bodies fulfilling their financial role function? What steps should be taken to improve the financial management role of principals.

This being the final chapter, it is necessary to review the important points of this research project.

## **5.2 Review of the research**

Chapter one provided an orientation of the study stating the aim and presenting a brief background into the international arena as well as providing the legal implication of South African school funding. The researcher also provided definitions of salient concepts used in the research.

Chapter two presented a literature review of the topic. The researcher presented literature relevant to the financial management role of principals prior to a Democratic South Africa and the changes brought about after democracy. This chapter also discussed the financial management role of principals in the international arena both from developed and developing countries.

Chapter three focused on the research design, the research instrument and the purpose of qualitative research was outlined. The limitations experienced by the researcher were also highlighted.

Chapter four presented an analysis of the data and the findings of the study in an attempt to understand the views and experiences of principals regarding their financial management role.

Chapter five, being the final chapter of the research, focused on the review of the whole study, summary, recommendations, conclusion and finally some topics for further research

## **5.3 Summary**

The South African Education Department has taken the cues from other international education systems, such as Britain and Australia, in order to make improvements to the quality of education. The shift towards school-based financial management is about

giving power to the people most directly concerned with decisions- the principals and parents- so that the schools are more responsive to the needs (such as quality education timeous delivery of resources) of their clients: learners, parents, teachers and local community. The resources mentioned above include knowledge, technology, material, people, time, assessments, information and finances.

According to Blanchard, Lovell and Ville (1989:105), school will be free to deploy resources to their own needs and priorities within the requirements of the national curriculum. Principals (Headteachers) will have power to match their existing responsibilities. Better management will mean better education for learners.

In terms of the changing role of the principal with reference to financial school management, on the positive side, the changed role for principals will allow principals to become much more aware of the financial cost of education. From this study it can be seen that principals have become more responsive to the demands of all those involved in education and they are able to have a tighter reign on the finances of the school and are able to say 'no' rather than shift the blame.

On the other end of the stick, it is possible that principals have less contact and teaching time. From the study it has been found that many schools lack the finances to employ a bursar to take up the increased administrative tasks such as monitoring the collection of monies, banking etcetera

Are principals receiving training in terms of financial management? (See 1.3 pg.9) The data collected suggest that they are receiving training in basic accounting practices in the forms of manuals and workshops however there is a need for more empowerment.

Do principals have formal qualification in the financial field? (See 1.3 pg. 9) The data collected varied. While some had B Comm degrees others had no formal qualification in the financial field and therefore rely on manuals, workshops and self- learning, to run the finances of their schools.



Are SGB fulfilling their financial role functions? (See 1.3 pg. 9) The data that was analyzed indicated that the responses varied. While some fulfilled their role function, others are reliant on their principals. According to Blanchard, Lovell and Ville (1989:92), of all the partners in the new educational hierarchy, governors have the most difficult job. Governors are essentially amateurs. As amateurs it is not at all clear how governors will find the time to ensure that they are able to fulfill adequately all their responsibilities.

#### **5.4 Recommendations**

In terms of recommendations and strategies to improve the situation, the following are suggested.

##### **Recommendation 1**

According to Dimmock (1993:176), a research was carried out in 1983 in the Effective Resources Allocation in schools project in Tasmania and South Australia, to identify the knowledge and skills required by principals in schools deemed to be highly effective in a general sense and in the way in which they allocated their resources. Tasmania and South Australia were selected because in these two states school-site budgeting had been encouraged. An outcome of this research was a professional development programme for principals and others. The major feature of the programme was a model described as the Collaborative School Management Cycle, which incorporated an integrated cyclical approach to goal-setting and needs identification, policy making and setting of priorities, programme planning, programme budgeting, with clearly defined roles for a policy group and programme teams, being groups of teachers, working in discrete areas.

International comparative studies by author Caldwell, (1990) suggested the relevance of the model to developments in other places, especially Britain, New Zealand, Canada and the United States. It was found that the model for self- management was refined further for utilization in an extensive round training programme for principals and others in New

Zealand and Britain. The feature of the refined model was the incorporation of a capacity for strategic planning. It is apparent that every stakeholder involved in school-based management will require on going training, development and support.

#### Recommendation 2

Before approving Section 21 status to more schools an evaluation of present Section 21 schools needs to be conducted. The budgetary formula's which ascribe a sum of money to every school based on the decile of the school, needs to be re-evaluated. As indicated by one respondent, department officials need to visit schools and not just allocate funds based on the physical structure of a school, which is filled in on a standard form.

#### Recommendation 3

It is recommended that the department of education set-up computerized financial software in all Section 21 schools. This will minimize manual tasks such as writing out receipts and the systematic software, such as Edupac, will also prevent fraudulent action.

#### Recommendation 4

A recommendation would be the employment of a bursar to all Section 21 schools, funded by the department of education in order to ease the financial administrative role of the principal and SGB.

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#### Recommendation 5

Similar to the practices in Queensland, according to Cranston (2002: 8), where principals were provided with extra remuneration in recognition of the enhanced duties resulting from their involvement in school-based education, a type of incentive must be set-up for Section 21 principals.

## 5.5 Suggested topics for further research.

The under- mentioned topics need further investigation

1. In terms of SGB turnover, will the school governors have the time to get to know the school well enough to be able to come to a proper independent view about the school structure and development. This issue of concern deals with the fact that each time a new SGB is elected, principals are faced with the challenge of empowering the new SGB or taking on the task of financial management due to lack of skills found in some SGB's.
2. Has school-based management improved the quality of South African Education?
3. Will school-based management work in rural South African Schools?

## 5.6 Concluding Remarks

The implementation of the South African Schools Act has brought about a variety of changes in South African schools. South African schools now have the choice to opt for different levels of autonomy (Section 21 or Section 20 schools), according to their internal strengths and resources.

However with the option of operating as a school with great autonomy, brings with it greater power and responsibilities for principals and their SGB. This study set out to understand the financial management role of principals in Section 21 schools in South Durban, Kwa Zulu-Natal.

It was found that principals must now add to their repertoire of skills, **financial expertise**, resource management, detailed understanding of building and maintenance issues, **knowledge of accountancy**, considerable committee expertise and a range of management skills that are traditionally not been expected of them.

Jackson in Bisschoff and Sayed, (1999:314), states that with regard to the budget as a tool in financial school management, whether we approve of it or not, the delegation of budgets to schools has meant that words like accountability, clients, efficiency, effectiveness and managers, are with us and are not going away.

According to Bisschoff and Sayed (1999:314), as South Africa moves towards the year 2000, principals are going to have to accept the extension of their chief executive role, and (probably) the subsequent displacement from the core act of teaching. They will need to be people with the vision of where the school is going and with the managerial expertise to plan and budget for the journey.

Finally it can be noted that the changing role of school principals in Section 21 schools in terms of financial issues will have greater impact on the new school system and will bring about a better learning and teaching environment.

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## Annexure 1

Resource Targeting Table

Deciles from poorest to least poor	Expenditure allocation- % of resources	Cumulative % of schools expenditure	Cumulative % of funding for recurrent costs
Decile 1 Poorest 10%	18 %	10%	18%
Decile 2 Next 10%	16%	20%	34%
Decile 3 Next 10%	14%	30%	48%
Decile 4 Next 10%	12%	40%	60%
Decile 5 Next 10%	10%	50%	70%
Decile 6 Next 10%	8.5%	60%	78.5%
Decile 7 Next 10%	7.5%	70%	86%
Decile 8 Next 10%	6.5%	80%	92.5%
Decile 9 Next 10%	4.5%	90%	97%
Decile 10 Least poor 10%	3%	100%	100%

(Department of Education and Culture, 2002. Towards Effective School Management- A Guide to norms and standards for school funding- Manual 5. )

Annexure 2

The Principal

Dear Sir/ Madam

**Re: Request to conduct an interview on the financial management of section 21 schools.**

I, Ishara Hansraj a student at Unisa am currently engaged in conducting a research on the financial management role of principal of Section 21 schools, as part of my masters' research.

You have been selected to participate in the study. I would like to conduct an interview with you on an individual basis. The interview will revolve around your attitude, knowledge and opinion of the financial management role as principal of a section21 school.

The interview will be conducted at your school. The interview will last approximately 45 minutes and the anonymity of you as principal will be guaranteed. Participation in the study is voluntary.

I humbly request your participation in this study. I would be grateful if you would complete the attached form indicating your participation / non-participation. Please return the completed forms in the self- addressed envelope or by fax as soon as possible.

Once I have received confirmation of your participation, I will contact you to schedule a date and time for the interview.

If there are any queries please contact Ishara Hansraj.

Tel no. (031) 4640308

Cell no 083776608

Fax no. (031) 4690783

I look forward to working in partnership with you.

Thank you

Yours sincerely

Ishara Hansraj

Researcher

**Re: Reply slip – participation/non-participation (fax no. 031-4690783)**

For Attention: Mrs. I. Hansraj

I, \_\_\_\_\_ (name of principal)  
hereby grant/deny permission to be interviewed for the financial  
management study.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Name of school: \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone nos. (w) \_\_\_\_\_

Fax no. (w) \_\_\_\_\_

(cellular) \_\_\_\_\_

Preferences of interview dates: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### Annexure 3

#### **Interview Guide**

Interviews will be conducted with a purposively selected sample of 5 principal in the Umlazi District in Kwa Zulu Natal. This group will be homogenous in terms of race.

Questions will be asked using a pre-determined interview guide.

The questions listed below are a suggested guideline to be followed. Probes are provided as assistance in the case of non-response by participants, but are not to be explored individually.

#### Opening by Researcher

- Welcome
  - Introduce herself
  - Highlight role of researcher
  - Point out why participant was selected for the interview
- Overview of topic
  - Want to know how you feel about the change in financial management of your school.
  - Are you adequately equipped to handle this added responsibility?

#### Specify Rules

- Use of tape recorder
- Anonymity
- Confidentiality
- Length of session
- No right or wrong answer.

#### **Questions**

##### *1. Shift towards Section 21 schools.*

Why did you choose to operate as a section 21 school?

Probe:

What are the benefits of a Section 21 school?

What are the disadvantages of a section 20 schools?

##### *2. Instructional duties*

Do you teach any learning areas, if so how many hours do you spend in the classroom?

### *3.Shift in responsibilities*

Having taken on a Section 21 status, did you see a shift or change in your role from a financial management perspective?

Probe:

Do find yourself more involved in the finances?

Are there greater responsibilities in terms of your resource control?

How is your role/function different in terms of financial management presently and during the period prior to becoming a section 21 school?

### *4. Drawing up of the school budget.*

Who is ultimately responsible for the drawing up the school budget and what is your role function in drawing up the budget and when is this budget drawn up?

### *5.Governing Body Responsibility*

Legally it is the responsibility of the governing body to manage the school budget. What role does your governing body assume in terms of financial school management?

Probe

Are they heavily reliant on you the principal?

Do they have a finance committee?

What is your role in the finance committee?

### *6.Involvement of staff members*

What role does your staff play in the financial management of the school?

Probes

Are members of your staff part of your finance committee?

Do they take an interest in the financial issues of the school?

### *7. Transparency, Accountability, Responsibility*

What measures do you have in place to ensure that a spirit of transparency, accountability and responsibility, in terms of the schools financial status, prevails at your school?

Probes:

Are there policies in place for the above?

Are parent allowed to scrutinize the financial records of the school?

How often are your financial books audited?

*8. Skills required by principals for effective and efficient financial management.*

Besides your formal teacher training, what other forms of academic or professional training did you undertake?

Probe:

Did you do a further diploma, degree or short- course?

*9. Training*

Do you think that you are adequately trained to manage the financial responsibilities of your school, if not who do think should be responsible for the training of principals in term of their new responsibilities?

What should be the duration of this training programme?

At which level should this training programme commence?

What would you want to gain from this training programme?

*10. Time allocation*

What percentage of your administrative time do you allocate to financial matters?

Probes

In what ways has your added administrative financial responsibility effected your contact time with the learners?

Do you have time to be accessible to parents?

*11. Delegation*

Are you able to delegate any of the financial role functions to your senior management team, if so what functions are you able to delegate?

Probes:

Do your work as a team with different responsibilities?

Who is your finance officer?

Do you oversee the financial records?

*12. Problems and obstacles*

In your opinion, what are some of the problems and obstacles that you encountered in fulfilling your financial management role?

Probes:

What percentages of your school fees have been paid?

Do get the necessary co-operation of your governing body?

*13. Improvement of efficiency and effectiveness.*

Now that you have greater control of the finances at your school, has there been an improvement in the service provided by the school, if so in what way has it improved?

Probes:

Is there an increase in the use of resources?

Are you able to employ more support staff?

*14. Flexibility of Hiring support staff*

School-based financial management has given the school greater flexibility in terms of employment of teaching support staff. Has this flexibility influenced the manner in which you hire and fire staff?

Have you become bureaucratic in the manner in which you handle staff?

Do you feel you have more control rather than to just accept decisions by the department?

*15. Awareness of financial cost of education*

Has this changed role made you more wary of the financial cost of education and to what extent has it influenced other aspects of your management?

16. Are there any other comments that you would like to share with me in term of financial management of a school?

